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Broken system

The fact that many Kansans now pay a higher tax rate on groceries than on alcohol is an indication of a state tax structure that is seriously out of whack.

J-W editorials

July 13, 2010

Perhaps the realization that most Kansans probably are now paying a higher tax rate on a gallon of milk than on a bottle of liquor will prompt Kansas legislators to take a serious and comprehensive look at the state's tax structure.

As reported in Saturday's Journal-World, in more than a third of Kansas cities — including all but one of the cities with populations over 25,000 — residents are paying a general sales tax that is higher than the 8 percent state tax charged on packaged liquor. The sales taxes in those communities are a combination of the 6.3 percent state sales tax and various local tax levies that drive the rate above 9 percent in some cities.

The state sales tax went from 5.3 percent to 6.3 percent on July 1 because Kansas legislators, backed into a corner at the end of the session, decided the increase was the least painful way to balance the state budget. The tax will decline to 5.7 percent in 2013, with the ongoing tax dedicated to funding an \$8.2 million transportation plan.

The state's alcohol tax has remained at 8 percent since 1983. During that period, the state sales tax has increased five times. Because Kansas is one of only seven states that levies its full sales tax rate on food, many Kansans now find themselves paying a higher tax rate on food than on alcohol.

To their credit, the legislators interviewed for the Journal-World article recognized how out of whack this situation is, but as April Holman, policy director for Kansas Action for Children, pointed out, "this is what happens when your tax system is a hodgepodge of whatever is the most politically expedient."

Holman and others also questioned whether having a higher tax rate on food than on liquor accurately reflected "the values of our state." It probably doesn't, but this situation is only a small part of a tax system that needs a comprehensive review.

The idea of a small increase in the state income tax rate for higher income Kansans was never considered by state legislators in the last session. Lawmakers also refused to take a look at state tax exemptions — many passed to benefit individual groups — to see if they all still make sense or could be reversed.

State Sen. Marci Francisco also made the apt point that leaving major tax and budget decisions until the end of the session, reduced discussion and narrowed the Legislature's options. After spending most of the session in denial about the need to raise revenue, legislators didn't have time to consider big issues like tax exemptions or rebalancing the state's tax load; a broad sales tax increase was the expedient solution.

The current tax situation shouldn't be seen as simply a battle between food and alcohol. It is just one symptom of a state tax system that is in need of repair and should have top priority when legislators reconvene in January 2011.

Originally published at: <http://www2.ljworld.com/news/2010/jul/13/broken-system/>